



3 Stocks to Watch This Week

Description

It's time to celebrate! The **Toronto Stock Exchange 300 Composite Index** (^GSPTSE) has surpassed the previous weekly closing high reached in May 2008 by gaining 0.72% during the week. The market's return since the bottom of March 2009 is now 99%.

The star performer for the past week, **BlackBerry**, added 23% after producing better results than expected by investors. The gold and silver mining companies also had another strong week with a number of the larger companies, including **Goldcorp** and **Silver Wheaton**, gaining more than 6% during the week.

The main corporate results season has not started yet, but the week ahead will bring the results announcement of a number of companies, with some of the expected highlights discussed below.

Shaw Communications ([TSX: SJR.B](#))([NYSE: SJR](#)) will report results for the third quarter of the 2014 financial year on Thursday. The market consensus expects a profit of \$0.49 per share compared to \$0.52 a year ago.

Shaw was rather active on the corporate transaction front over the past year, which will distort the year-over-year comparisons. Nevertheless, a key focus point will again be the number of subscribers for the various services, with cable and satellite expected to continue losing subscribers and gains for internet and digital telephony subscriptions.

The company is highly cash generative at both the operating and free cash flow levels, which supports attractive and growing dividends with a current yield of around 4%.

Shaw's share price has been a solid performer with a gain of almost 20% over the past year and good gains over the past few months. Investors will be hoping for results that can support these gains.

Empire Company ([TSX: EMP.A](#)), the owner of 1,500 Sobeys retail stores and of Safeway Canada, will report its fourth quarter of 2014 results on Thursday. Analysts are expecting the company to produce earnings per share of \$1.29, compared to \$1.45 for the same period a year earlier.

The results will be difficult to compare with the previous year as Empire was involved in two major corporate transactions late in 2013, which included the acquisition of Safeway Canada and the sale of 46 theatres and 397 screens to **Cineplex** ([TSX: CGX](#)) and Landmark, respectively.

The previous quarter produced poor results from Empire with adjusted earnings per share dropping by 24% compared to a year ago. One of the main reasons cited was the sub-par contributions from drug sales in Safeway, but it was also clear that competitive pressures were impacting volumes and margins.

This quarter's results will be scrutinized for evidence of further synergies achieved from the Safeway acquisition and sales and margin trends across the spectrum. It is notable that the consensus expectations cover a particularly broad range, from \$1.14 to \$1.44, indicating considerable uncertainty among investors.

Empire's share price declined by around 20% since it peaked prior to the Safeway acquisition late last year. Investors are clearly primed for poor results, and any indication that the business is doing better than currently expected will be well received.

AGF Management ([TSX: AGF.B](#)) is due to announce its second-quarter 2014 results on Tuesday. Analysts are expecting a profit per share of \$0.18 compared to \$0.17 for the same quarter a year ago.

The main question is whether AGF can arrest the outflow of assets under management. A new chief investment officer was recently appointed in an attempt to improve investment performance, which, over time, is the main determinant of AUM. The latest information from the company indicates that its AUM seems to be stabilizing at around \$36 billion, which is still lower than a year ago but slightly higher than the end of 2013.

AGF's share price has added more than 50% since the end of 2012. The company is also paying a large quarterly dividend for a current yield of 8.3%. This will be sustainable only if investment performance and business profit can reverse direction.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:AGF.B (AGF Management Limited)
3. TSX:EMP.A (Empire Company Limited)
4. TSX:SJR.B (Shaw Communications)

Category

1. Investing

Date

2025/07/02

Date Created

2014/06/23

Author

deonvernooy

default watermark

default watermark